



*Introducing...*  
Nebraska Book Company's Knowledge is Power  
Educational Series

## Focusing On Your Bookstore

### Today's Presenters

- . Kevin Gish, Nebraska Book Company
- . John Geraci, Crux Research

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# Selling Textbooks Has Changed A Lot Since the First Bookstore.

*We know, we were there.*

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# BUILDING BETTER BOOKSTORES

## Threats – There Are Only Two

- . The Internet
- . Used Textbook Supply

## FACT

45% of Students Have Recorded the ISBN Number of a Textbook so They Can Go to Other Stores or Shop Online for a Better Price

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## Our Research With Harris Interactive

*Targeting opinions & perceptions of...*

*College Students, Faculty, and Bookstore Managers*

### Trends

- . Enrollments – All-Time High
- . New Generation Entering College
- . 5 Publishers Own 80% of Market
- . Tuition and Textbook Costs Rising
- . Internet is Changing College

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## INSIGHT

### College Textbooks Remain Central to the Higher Education Experience

- . 94% of College Professors Require a Textbook
- . 81% of Professors Consider a Textbook to be a Very Important or Extremely Important Contributor to the Overall Course Experience

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## INSIGHT

### Bookstore Managers Should Focus on Professors as Key Decision Makers

- . 87% of Students Say They will Comply with Textbook Recommendations from Professors

But...

- . 86% of Professors Do Not Understand the Importance of Turning in Book Orders Early to the Bookstore

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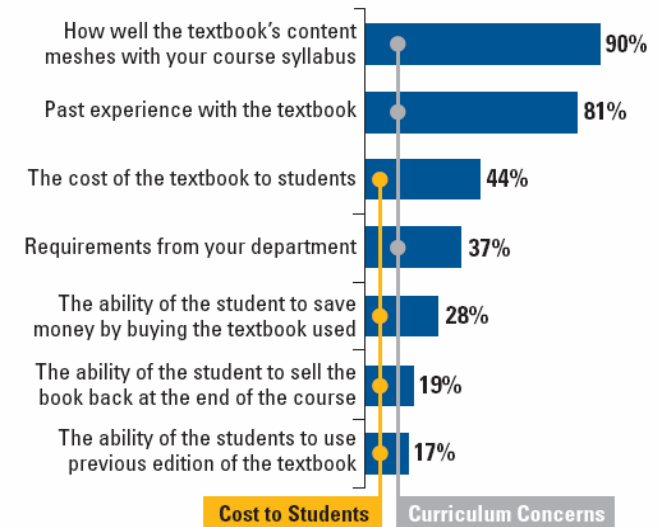
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## INSIGHT

Costs are a Secondary Concern to Professors When Selecting Course Materials

How important are each of the following when you considered whether or not to require a specific textbook for your course(s)? (% Extremely Important)



SOURCE: Harris Interactive study of US college faculty (n=400), April 2005

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## INSIGHT

### Textbooks and Class Materials Dominate the College Bookstore Business

- . 42% of Total Sales – New Textbooks
- . 26% of Total Sales – Used Textbooks

Business is Brisk...

- . 50% of College Bookstores Reporting Growth

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## INSIGHT

Today's College Students are Savvy Shoppers  
Not Afraid to go Online to Purchase Books

High Level of Internet Shopping is Based  
on the Perception of Large Cost Savings

### Demand Drives Online Discounts

Low Student Demand

44%

27%

27%

22%

16%

17%

12%

9%

1%

Top 50 Titles

High Student Demand

Average Percent Online Discount Off Retail Price

SOURCE: Nebraska Book Company  
Independent Study; August 2005

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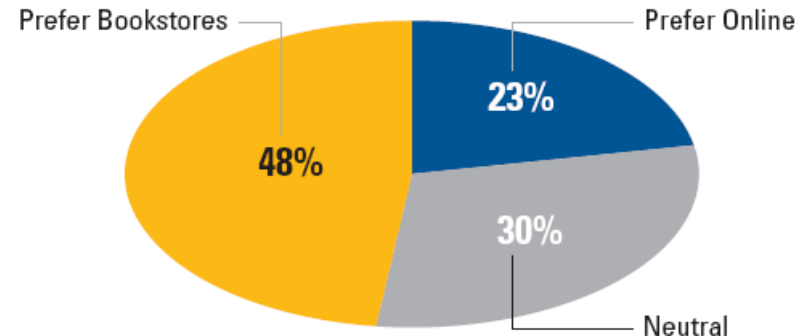
## INSIGHT

Students Prefer Shopping in Bookstores to Shopping Online

Not Surprisingly ...

Price is the Reason Students are Looking Online

Do you prefer to buy textbooks *in bookstores* or *online*?



SOURCE: Harris Interactive study of US college students (n=823), April 2005

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## INSIGHT

### Textbook Costs for Students are Lower than Commonly Perceived

- . GAO – Annual Expense: \$898
- . US Dept. of Education – Annual Expense: \$850
- . According to Students – Annual Expense: \$534

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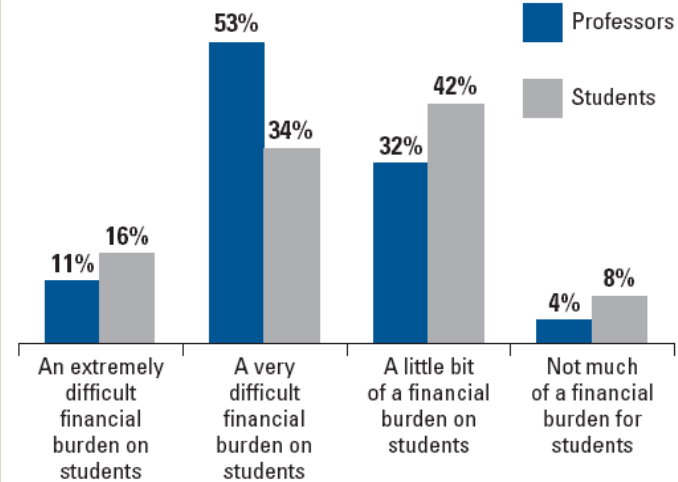
## INSIGHT

### Textbook Costs are a Substantial Financial Burden for Students

Lessening the Burden...

80% of Students Report Buying Used Textbooks Whenever Possible

How much of a burden does the cost of textbooks and materials cause?



SOURCE: Harris Interactive study of US college students (n=823), April 2005  
Harris Interactive study of US college faculty (n=400), April 2005

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## INSIGHT

### High Textbook Costs are Driven By Many Factors

#### Student Perspective

- . 77% of Students Say Publishers Want to Make More Money
- . 64% of Students Say Bookstores Want to Make More Money

#### Faculty Perspective

- . 79% of Professors Attribute Increased Production Costs
- . 70% Site Publishers' Needs to Incorporate New Technology

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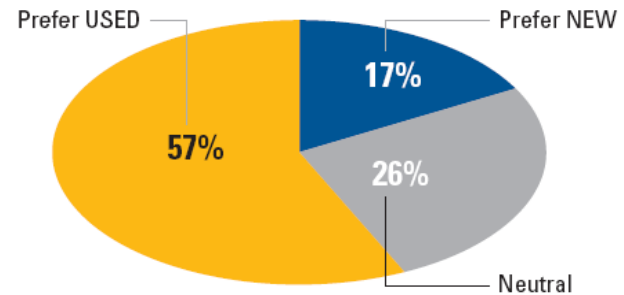
## INSIGHT

Demand for Used Textbooks is Far Greater Than the Supply

This Year, the Average Student Purchased...

- 3.4 New Textbooks
- 3.7 Used Textbooks

Do you prefer to buy textbooks *used* or *new*?



SOURCE: Harris Interactive study of US college students (n=823), April 2005

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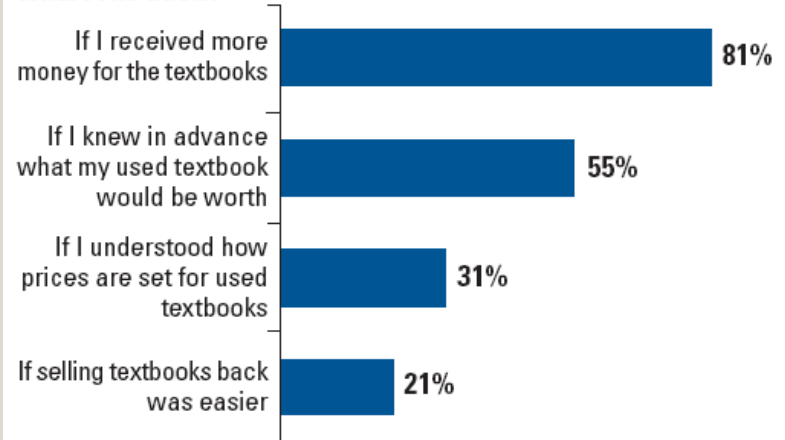
## INSIGHT

Students are Not Fully Satisfied with Their Experiences When Selling Textbooks Back

Students Expect to Sell Back About Half of Their Textbooks

81% Would Sell Back More Textbooks if They Got More Money for Them

Which would make you want to sell more of your textbooks back?



SOURCE: Harris Interactive study of US college students (n=823), April 2005.

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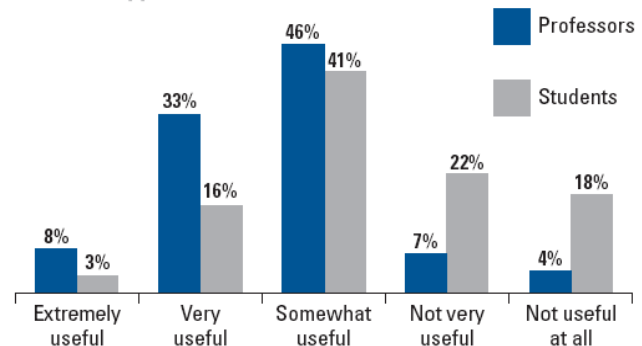
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## INSIGHT

### Bundling of Course Materials Frustrates Students and Professors

Twice as Many Students Find Bundled Materials Not Useful

In general, how useful are other materials that come shrink-wrapped with textbooks?



SOURCE: Harris Interactive study of US college students (n=823), April 2005  
Harris Interactive study of US college faculty (n=400), April 2005

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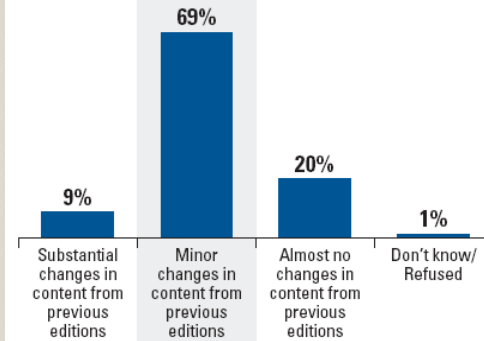
## INSIGHT

Frequency of New Editions is Seen as Causing Prices to Rise

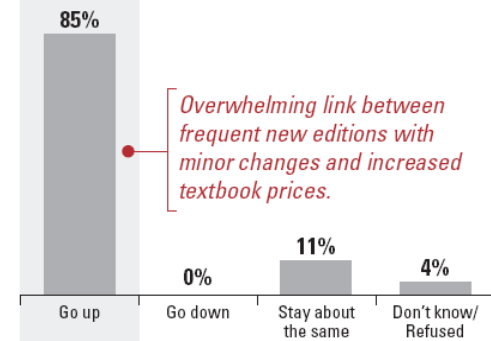
- 89% of Professors Say New Editions Only Contain Minor Changes
- 90% of Professors Believe New Editions Cost too Much

### Frequent New Editions Cause Increased Textbook Prices

Do new textbook editions tend to contain...?



When a new textbook edition comes out, does this cause textbook prices to students to...?



SOURCE: Harris Interactive study of US College faculty (n=400), April 2005

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## INSIGHT

The Textbook Market will Continue to be Strong  
But the Nature of the Textbook will Evolve

### Student

- Increasing Role of Internet
- 52% Say Textbooks will Stay About the Same Level of Importance
- More Likely to Seek Used Textbooks

### Professor

- Increasing Role of Internet
- 84% Say Textbooks will Stay About the Same Level of Importance
- Bookstores will Shift More Toward Merchandise Sales

### Bookstore Manager

- Increasing Role of Internet
- Students will more actively look for used textbooks
- Material will become more customized to the institution

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# BUILDING BETTER BOOKSTORES

College Bookstores Can Thrive in a World of Increasing Online Competition

Be Book Smart...

7 Critical Factors for  
Bookstore Success

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# BUILDING BETTER BOOKSTORES

## #1 – Take a Proactive Position in the Industry

- . Your future rests in your hands
- . Make your vote count and change the future course of the industry

## #2 – Give Students a Choice

- . New, Used or e-Book

## #3 – Build Your Competitive Knowledge

- . Know your marketplace

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## #4 – Build on In-Store Competitive Advantages

- . Social environment
- . Ability to flip through textbooks
- . Easy returns

## #5 – Create a Highly Useable, Well- Managed Website

- . Develop a comprehensive Internet strategy but... one that is separate from your brick and mortar store strategy

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## #6 – Alert Faculty on the Importance of Early Adoptions

- . Faculty plays a crucial role in keeping down student costs
- . Primary target audience

## #7 – Keep Costs in Check with a Tightly Managed Bookstore

- . Bookstores that are Tightly Managed Mean – better cost control, enhanced customer service, and improved employee morale

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# BUILDING BETTER BOOKSTORES

## College Bookstores Can Thrive in a World of Increasing Online Competition

### 7 Critical Success Factors

#1 – Take a Proactive Position in the Industry

#2 – Give Students a Choice

#3 – Build Your Competitive Knowledge

#4 – Build on In-Store Competitive Advantages

#5 – Create a Highly Useable, Well-Managed Website

#6 – Alert Faculty on the Importance of Early Adoptions

#7 – Keep Costs in Check with a Tightly Managed Bookstore

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College Bookstores Can Thrive in a World  
of Increasing Online Competition But,  
Your Future Rests In Your Hands

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